NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-5930
BUI TUAN

JUNE 21, 1978

ASEAN ECONOMIC INTEGRATION

ANNCR:

THE FIVE MEMBER STATES OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) HAVE TAKEN STEPS TO FORM A COMMON ECONOMIC FRONT....AS WE HEAR IN THIS BACKGROUND REPORT BY VOA'S BUI TUAN.

VOICE:

ASEAN LEADERS -- REPRESENTING THAILAND, MALAYSIA, INDONESIA, SINGAPORE AND THE PHILIPPINES -- WILL COME TO WASHINGTON IN AUGUST TO DISCUSS ECONOMIC COOPERATION WITH THE UNITED STATES. OTHER ECONOMIC DIALOGUES ARE EXPECTED TO FOLLOW BETWEEN ASEAN AND THE EUROPEAN ECONOMIC COMMUNITY, JAPAN, AUSTRALIA, CANADA AND NEW ZEALAND. AND, CERTAINLY, THRE'S NO QUESTION THAT IT'S TO THEIR BENEFIT TO SPEAK WITH A COMMON VOICE IN ALL THESE DISCUSSIONS.

A MEETING OF ASEAN FOREIGN MINISTERS WAS HELD LAST WEEK IN PHATTHAYA, THAILAND IN PREPARATION FOR TALKS WITH NON-MEMBER STATES. AND, AS EXPECTED, ECONOMIC MATTERS DOMINATED THE AGENDA. MALAYSIAN MINISTER OF FOREIGN AFFAIRS TENGKU AHMAD RITHAUDEEN DESCRIBED THE MINISTERIAL MEETING AS HIGHLY CONSTRUCTIVE IN TERMS OF SEVERAL PLANNED ASEAN ECONOMIC PROJECTS. THERE ARE IN ALL FIVE JOINT VENTURES WHICH ARE DESIGNED TO PROVIDE FURTHER ECONOMIC GROWTH IN THE FIVE ASEAN COUNTRIES. TOGETHER, THE PROJECTS WILL COST OVER ONE THOUSAND MILLION DOLLARS. THEY TAKE IN THE CONSTRUCTION OF A UREA FERTILIZER PROJECT IN INDONESIA, A DIESEL ENGINE PLANT IN SINGAPORE, A SUPERPHOSPHATE PLANT IN THE PHILIPPINES, A FERTILIZER PLANT IN MALAYSIA AND A SODA ASH FACILITY IN THAILAND.

NEGOTIATIONS ARE ALSO UNDERWAY FOR THE ESTABLISHMENT OF A SUBMARINE CABLE SYSTEM LINKING ASEAN COUNTRIES AS WELL AS A REGIONAL COMMUNICATIONS SATELLITE SYSTEM, AND COOPERATION IN CIVIL AVIATION, TOURISM, AND MERCHANT SHIPPING.

IN AN ADDRESS AT THE ASEAN MINISTERIAL MEETING, THAI PRIME MINISTER KRIANGSAK CHAMANAND NOTED THAT PERHAPS THE ASSOCIATION'S GREATEST ACHIEVEMENT OVER THE PAST YEAR WAS AN AGREEMENT IN WHICH THE FIVE MEMBER COUNTRIES HAVE AGREED TO GIVE EACH OTHER PREFERENTIAL TRADE TREATMENT IN THE EXCHANGE OF HUNDRES OF COMMODITIES. LAST MONTH, THE FIRST ASEAN TRADE FAIR WAS HELD IN MANILA. IN 1975, ONLY TEN PERCENT OF TOTAL IMPORTS OF THE ASEAN GROUP CAME FROM WITHIN THE REGION ITSELF. THE TRADE FAIR WAS DESIGNED IN LARGE PART TO CORRECT THIS SITUATION. HOWEVER, THE EVENT ALSO ATTRACTED LARGE NUMBERS OF TRADERS FROM NON-ASEAN COUNTRIES. AND, MORE IMPORTANTLY, IT DREW INVITATIONS TO HOST ASEAN TRADE FAIRS FROM THE EUROPEAN ECONOMIC COMMUNITY AS WELL AS THE POEPLE'S REPUBLIC OF CHINA.

-0-

JS/RTD